The Canberra Times

# Woodside could pump safeguard mechanism for gas credits

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**Updated** April 19 2023 - 4:18pm, first published 4:13pm
https://www.canberratimes.com.au/story/8164540/woodside-could-pump-safeguard-mechanism-for-gas-credits/


Woodside Energy is being urged to re-evaluate the investment case for its new gas projects. (Richard Wainwright/AAP PHOTOS)

Woodside Energy and its partners could face a crippling carbon emissions bill if proposed new gas fields off the west coast go ahead, independent modelling claims. There would be a cumulative liability of up to $63 billion to 2050 from the Burrup Hub liquefied natural gas (LNG) export project, according to research released on Wednesday.

Think tank Climate Energy Finance (CEF) has tallied the cost based on the recently legislated emissions safeguard mechanism and the development of the proposed Browse and Scarborough mega-gas fields off the WA coast, if emissions at existing gas facilities are not cut.

The safeguard mechanism does not stop the new projects going ahead, but does bring them under emissions controls from day one.

CEF director Tim Buckley said Woodside faces mounting "investor unrest" about its direction and climate commitments.

Critics say Burrup would be the most polluting project ever developed in Australia, exporting some of the world's dirtiest LNG for up to 50 years.

The think tank is calling on the board to urgently re-evaluate the investment case for the projects, and use the recently legislated safeguard mechanism to invest in emissions reduction at its existing facilities.

Under the mechanism, taxpayer-funded credits are available if big emitters such as Woodside outperform their obligations to reduce onsite emissions.

But with the carbon price set to rise annually and free permits set to diminish as emission limits tighten, the decarbonisation investment incentive is significant and growing, Mr Buckley said.

The default option - to do nothing and pay for carbon offsets - will become increasingly expensive for Woodside, he said.

Mr Buckley said there is also pressure on Woodside to prove if carbon capture and storage (CCS) technology, a preferred method in the gas industry to achieve net-zero emissions, can work consistently at the scale claimed by developers.
"Importantly, any investment in CCS should be paid for by Woodside, under the polluter-pays principle," he added.

Speaking at the National Press Club, Woodside CEO Meg O'Neill it was appropriate that the safeguard mechanism had been tightened.

"And we're using a range of levers to manage our own emissions," she said.
Avoiding and reducing emissions was the first priority, she said, including through technologies to modify operations. Offsetting emissions with carbon credits has an important role.

Ms O'Neill said Woodside will spend $US5 billion ($A7.4b) by 2030 on new energy opportunities and lower carbon technology.

"I have issued the challenge to our team, that we would like to spend more than that, provided the supply chain and the market is there," she added.
Amid growing calls for a tougher tax regime in next month's budget, Ms O'Neill said tax on Woodside's profits flowed back to Australian governments to the tune of $A2.7b in taxes and royalties last year.

She said the challenge for Australia was to use its vast natural gas resources for three interrelated goals: to provide affordable and reliable energy, to maintain energy security in our region, and to progress global decarbonisation.

Greenpeace Australia Pacific spokesman Glenn Walker said Ms O'Neill had used the forum to "spruik dangerous lies" about the gas industry.

"Woodside's claims that increasing gas use and production are compatible with keeping dangerous global heating below 1.5 degrees are deeply misleading and false," he said.

The CEF report recommended various ways to decarbonise existing operations, including by using renewable energy instead of gas.

*Australian Associated Press*